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MBA PROFESSIONAL REPORT

Third Party Collections

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June 2008

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In this study, the researcher highlights the factors identified by Inspector General Audits and other research that inhibit the Navy's Third Party Collections Program from maximizing collections (TPC) from third-party payers as a result of failing to identify and collect Other Health Insurance (OHI) Information from patients. It also looks into possible behaviors and attitudes from both hospital staff and patients that may be contributing to the problem of maximum collections.

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THIRD PARTY COLLECTIONS

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Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

from the

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THIRD PARTY COLLECTIONS

ABSTRACT

In this study, the researcher highlights the factors identified by Inspector General Audits and other research that inhibit the Navy’s Third Party Collections Program from maximizing collections (TPC) from third-party payers as a result of failing to identify and collect Other Health Insurance (OHI) Information from patients. It also looks into possible behaviors and attitudes from both hospital staff and patients that may be contributing to the problem of maximum collections.

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EXECUTIVE SUMMARY

The primary missions of the Military Health System are: (1) To maintain the health of military personnel so, they can execute their military mission, and (2) to be prepared to deliver health care during wartime. The military medical system also provides, where space is available, health care services, in Department of Defense (DoD) medical treatment facilities, to dependents of active duty service personnel, retirees and their dependents, and survivors and their dependents.

The Third Party Collections Program (TPC), which is one of three collection programs under the TRICARE Management Activity (TMA) Uniform Business Office (UBO) Program Office, is responsible for setting policy and providing program oversight for Military Health Systems (MHSs). The three health care cost recovery programs that provide overall revenue are Third Party Collections (TPC), Medical Services Account (MSA), and Medical Affirmative Claim (MAC) Programs. The Uniform Business Office focuses on ensuring that billable services are identified, payer information is available, accurate and complete claims are generated, and appropriate collections are received.

Problems with the TPC program have led to less than maximum collections of revenues. One of the biggest problems cited by the Inspector General and General Accounting Office Audits is that MTFs fail to identify patients with other health insurance.

In this study, the researcher reviews the laws and instructions that govern the TPC program. The researcher highlights the factors identified by Inspector General

Audits and other research that inhibit the Navy's Third Party Collections Program (TPC) from maximizing collections from third-party payers as a result of failing to identify and collect Other Health Insurance (OHI) Information from patients. This research also looks into possible behaviors and attitudes from both hospital staff and patients that may be contributing to the problem of maximum collections.

This study attempts to answer the questions; "What are the reasons why Medical Treat Facilities (MTFs) fail to identify 100 percent of patients with Other Health Insurance Information and are there human factors that contribute to the problem?" "What steps have been taken to correct the problems?" "What further steps can be taken to strengthen third party information collection?"

Finally, this research identifies problems encountered by front desk staff during collections from patients and reasons why patients are reluctant to offer OHI information. This will be achieved through interviews conducted and observations made at Naval Hospital Lemoore to obtain feedback from hospital front desk staff and patients.

I. PURPOSE OF THIS STUDY

In this study, the researcher highlights the factors identified by Inspector General Audits and other research that inhibit the Navy's Third Party Collections Program from maximizing collections (TPC) from third-party payers as a result of failing to identify and collect Other Health Insurance (OHI) Information from patients. It also looks into possible behaviors and attitudes from both hospital staff and patients that may be contributing to the problem of maximum collections.

A. RESEARCH QUESTIONS

What are the reasons why Medical Treat Facilities (MTFs) fail to identify 100 percent of patients with Other Health Insurance Information and are there human factors that contribute to the problem? What steps have been taken to correct the problems? What further steps can be taken to strengthen third-party information collection?

B. SCOPE OF PROJECT

This study assesses the current process of collecting OHI information and reviews results of past Inspector General Audits. Next, the project analyzes additional human factors possibly inhibiting collections through interviews and observations. Initial findings through discussions with peers in the medical community suggest that patients are reluctant to give OHI information, and as a result, front desk staff fail to collect information from patients. Thus, the focus of this research is to identify problems

encountered by front desk staff during collections to identify reasons why patients are reluctant to offer OHI information, to identify steps that have been taken to foster third-party information collection, and finally, to offer suggestions to improve the collection of information of patients with third-party insurance coverage. This research includes a review of the laws and instructions that govern the TPC program. It also includes a review of past audits and research completed on the TPC program. Finally, interviews were conducted and observations made at Naval Hospital Lemoore to obtain feedback from hospital front desk staff and patients.

Two research methodologies were used in this research: observations and interviews. Prior to the research, a thorough literature review was conducted by first examining the laws governing the TPC Program and the timeline in which they were enacted. Next, a review of current instructions that outline responsible parties was completed. Third, a review of past audits of the TCP was completed to analyze repeat problems and trends. Finally, a review of other research on the TPC Program was completed.

II. LITERATURE REVIEW

A. TPC PROGRAM HISTORY

The primary missions of the Military Health System are: (1) To maintain the health of military personnel, so they can execute their military mission, and (2) to be prepared to deliver health care during wartime. The military medical system also provides, where space is available, health care services, in Department of Defense (DoD) medical Treatment facilities, to dependents of active duty service personnel, retirees and their dependents, and survivors and their dependents.[1]

The Third Party Collections Program (TPC), which is one of three collection programs under the TRICARE Management Activity (TMA) Uniform Business Office (UBO) Program Office, is responsible for setting policy and providing program oversight for Military Health Systems (MHSs). The three health care cost recovery programs that provide overall revenue are Third Party Collections (TPC), Medical Services Account (MSA),[2] and Medical Affirmative Claim (MAC)[3] Programs. The Uniform Business Office focuses on ensuring

[1] GAO-04-332R, Third Party Collections, February 20, 2004.

[2] MSA is the collection of funds (reimbursements) from other government agencies (other than the Air Force, Navy, and Army) for medical treatment. The largest MSA is the Coast Guard. MSA is the largest of the three collection programs.

[3] MAC is the collection of funds from a third-party that is found liable for the medical costs of a beneficiary being treated at a MTF.

that billable services are identified, payer information is available, accurate and complete claims are generated, and appropriate collections are received.[4]

United States Code, Title 10, Sec. 1095 establishes the statutory obligation of third-party payers to reimburse the United States for the reasonable charges of healthcare services provided by facilities of the Uniformed Services to covered beneficiaries who are also covered by a third-party payer's plan.[5] It provides the government the higher authority to collect payment from health insurance plans for the cost of treatment provided in Military Treatment Facilities (MTFs) on behalf of non-active duty dependents.[6] This law gave the government the right to bill private insurance companies that provide coverage to eligible beneficiaries seeking care in a military treatment facility.[7]

Pursuant to 10 U.S.C. 1095(a)(1), a third-party payer has an obligation to pay the United States the reasonable charges for healthcare services provided in or through any facility of the Uniformed Services to a covered beneficiary which is also a beneficiary under the third-party payer's plan. The obligation to pay is to the extent that the beneficiary would be eligible to receive reimbursement or indemnification from the third-party payer if the

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[4] The Management Control and Financial Studies Division web site, http://www.tricare.mil/ocfo/mcfs/ubo/about.cfm (last accessed May 2008).

[5] Public Law 99-272, 100 Stat. 82, 100 (1986).

[6] Treatment (Health care services) include inpatient and outpatient health care as well as laboratory, radiology, and pharmacy services.

[7] "The Management Control and Financial Studies Division web site," http://www.tricare.mil/ocfo/mcfs/ubo/about.cfm (last accessed May 2008).

beneficiary were to incur the costs on the beneficiary's own behalf.[8] Basically, just because the covered member chooses to seek care in a military treatment facility vice a non-military facility does not diminish the insurance companies' obligation to pay for the treatment received by the covered member.

In March 1991, DoD Instruction 6010.15, established the Assistant Secretary of Defense (Health Affairs) (ASD(HA)) as responsible for issuing policy, guidance, and providing oversight to ensure the TPC program results produce maximum collection. It required the ASD(HA) to set collection goals for services and evaluate their performance meeting those goals. The instruction further made the secretaries of the military departments responsible for ensuring TPC program policies and directions are implemented and fully executed. It required department secretaries to distribute collection goals among MTFs according to their individual facilities attributes to include population and demographic differences. It made Commanders of a military Medical Treatment Facilities (MTFs) responsible for aggressively implementing an effective TPC program and providing adequate resources, leadership and support. Finally, it required commanders to maintain an audit trail of how program collections were spent to include amounts spent on program operations.[9]

[8] 32CFR220.2.

[9] Military Treatment Facility Uniform Business Office Manual, DoD 1610.15-M, November 9, 2006.

B. COLLECTION INCENTIVES

The implementation of the Third Party Collection (TPC) Program gave the Department of Defense (DoD) hospitals additional revenues to improve the quality of medical services provided to Department of Defense beneficiaries. Public law 101-189 amended United States Code, Title 10, sec. 1095, in 1989, providing that all funds collected from a third-party payer for the costs of inpatient health care services provided at a military Medical Treatment Facility (MTF) would be credited to the appropriation supporting the operation and maintenance of that facility.[10] This was intended to provide a strong incentive to assure a high priority on the TPC program at the facility level. Public Law 101-511, passed in November 1990, provided that the TPC funds would be over and above the MTF's direct budget higher authority, which should not be reduced as a result of the additional funds provided by the TPC program. Despite these laws, according to a 2007 Department of Defense Inspector General audit report, some MTF Commanding Officers have complained their budgets have been cut due to their robust third-party collections. Although these claims were deemed unsubstantiated by the audit team, the perception lessens the impact of the incentive to maximize collections and increase resources focused on the programs problems.

In November 1989, Public Law 101-165, required the Department of Defense to audit how the collections were used at each MTF. In November 1990, Public Law 101-510 allowed DoD to collect from third-party payers for outpatient

[10] Public Law 101-189, November 1989.

hospital care received by a beneficiary.[11] This law allowing collections from both inpatients and outpatients gave MTFs the opportunity to increase their third-party collections.

In 1990, ASD (HA) received a one time appropriation of $10 million to hire fiscal intermediaries (contractors) to manage the TPC program for military hospitals. Instead of outsourcing the program, ASD (HA) decided to use the funds to correct the program problems and help military hospitals better implement and manage the program.[12]

Despite Public law 101-189 and Public Law 101-511 explained above, the Program Budget Decision 041, November 1990, identified out-year program budget reductions of $37.5 million for FY92. As a result, MTF operation and maintenance appropriations were reduced in 1992.[13] This effectively offset the intent of the public laws making funds collected available to MTFs to increase services as TPC collections had to make-up for unfunded requirements that year. There was no similar budget reduction during FY03.[14]

1. Rights and Obligations of Beneficiaries

Pursuant to 10 U.S.C. 1095(a)(2), uniformed services beneficiaries will not be required to pay to the facility of the uniformed services any amount greater than the normal medical services or subsistence charges (under 10 U.S.C.

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[11] A Presidential Moratorium on new regulations restricted the DoD from issuing guidance until March 10, 1993.

[12] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 90-105, August 30, 1990.

[13] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 94-017, December 6, 1993.

[14] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 94-017, December 6, 1993.

1075 or 1078). Payments received from a third-party payer will be considered adequate to cover medical services rendered and no further payment from the beneficiary will be required. In no way will the availability of healthcare services be affected by participation or nonparticipation of a beneficiary in a health care plan of a third-party payer. Whether or not a beneficiary is covered by a third-party payer's plan will not be considered in determining the availability of healthcare services in a medical treatment facility.[15]

Beneficiaries are required by law (32 CFR 220.9(c)) to disclose information and cooperate with collection efforts. They are obligated to provide correct information to the medical treatment facility regarding their status of coverage by a third-party payer's plan. This is to include services received as the result of an accident of work place injury. In accordance with 32 CFR 220.9, intentionally providing false information or willfully failing to satisfy a beneficiary's obligation are grounds for disqualification for health care services from facilities of the uniform services.

Under 32 CFR 220.2(b), if the third-party payer's plan includes a requirement for a deductible or co-payment by the beneficiary of the plan, then the amount the DoD may collect from the third-party payer is the reasonable charge for the care provided less the appropriate deductible or co-payment amount. The deductible or co-payment amount would then be applied to the beneficiary's policy at no cost to them. When a patient visits a MTF and the deductible is met, they will

[15] 32 CFR 220.9 (b) Rights and obligations of beneficiaries.

have less out-of-pocket expenditures should they have to visit a civilian health care provider or facility. They would actually benefit by spending less money out of pocket by participating in this program.

Figure 1 below provides a visual representation of the major legislation governing the Third Party Collections Program.

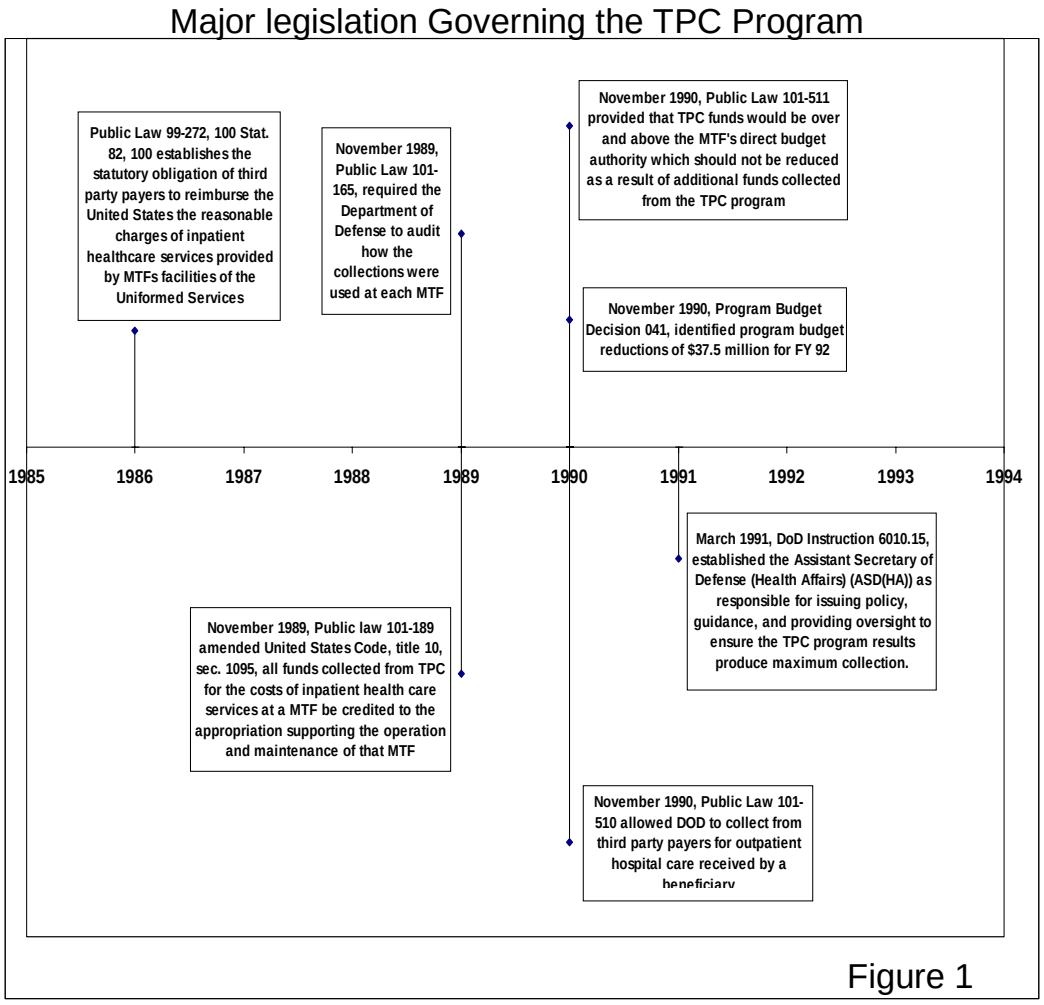

Figure 1. Inspector General and General Accounting Office Audits

The Office of the Inspector General (IG) completed several audits of the Third Party Collections Program from 1987 to 2007. These audits show how the DoD worked to implement and improve the program throughout the last two decades. Although there have been many improvements resulting in increased collections, each audit states that there are millions of dollars each year that go uncollected because of program weaknesses.

The IG report dated August 30, 1990 focused on inpatient collections from October 1987 to December 1988. The report stated that the Surgeon General for the military departments was deficient in providing guidance to the ASD (HA) to implement and manage the TPC program effectively. The report estimated that not implementing the program efficiently resulted in the failure to collect over $50 million of the potential $66.5 million for the year 1988.[16] It also reported that only one had effectively implemented the TPC program out of the 25 MTFs visited.

The 1990 audit report identified several weaknesses that contributed to the failure to implement proper internal controls as defined by the Office of Management and Budget Circular A-123. MTFs did not have adequate procedures in place to identify inpatients with Other Health Insurance (OHI). Further, they did not document questioning patients about OHI nor did they have adequate procedures in place for billing and receiving payments.[17]

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[16] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 90-105, August 30, 1990.

[17] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 90-105, August 30, 1990.

Acting on the recommendations of the 1990 IG audit of the TPC program, MTFs significantly improved procedures. Although MTFs took action to correct the findings of the 1990 IG audit, they only met eight of 13 intended recommendations.[18] In meeting the eight recommendations, the DoD significantly improved procedures and collections. However, once again, the IG identified several new weaknesses that contributed to the failure to implement proper internal controls as defined by the Office of Management and Budget Circular A-123 in 1993. The report stated that procedures to ensure all inpatients with OHI were adequately identified were not implemented as recommended. Additionally, accounting and collection procedures still failed to ensure proper billing and collections. The 1993 IG audit concluded that if their recommendations were implemented, MTFs could collect an additional $40.8 million from 1996 to 1999.[19]

In 1995, the ASD (Health Services Operations and readiness) requested that the IG audit the TPC program. The IG audit was conducted from May to October 1995. The audit was limited to four MTFs and several DoD staff headquarters and concluded that progress had been made in the area of identifying inpatients with OHI. The four MTFs reviewed were aggressive with marketing the TPC program using admissions personnel to interview inpatients and also used the Composite Health Care System to verify insurance

[18] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 94-017, December 6, 1993.

[19] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 94-017, December 6, 1993.

coverage prior to admission.[20] TPC inpatient collections increased from $77.8 million in 1992 to $91.8 million in 1994.[21] Although this report did not project possible dollar amounts not collected, it did identify areas for improvement.

The report states that even though improvements in some areas have been made, some areas still failed to meet program objectives. The report found that all four MTFs reviewed were not validating insurance payments for inpatients. Validation is ensuring that the payment received by the MTF is correct according to the billing information. Both under and overpayments occur requiring validation by trained staff. This is a repeat finding from both the 1990 and 1993 audits.

On February 20, 2004, The General Accounting Office released a report with the title “Military Treatment Facilities: Improvements Needed to Increase DoD Third Party Collections.” The report is based on the review of 35 of the largest MTFs reporting collections and was conducted from April 2003 to December 2003. Audit results indicated that reimbursable health care costs for the 35 MTFs reviewed could be increased approximately $44 Million per year above what was collected for just the 35 MTF’s if the program was implemented correctly.[22]

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[20] The Composite Health Care System (CHCS) is the primary automated medical information system for the Department of Defense (DoD).

[21] Office of the Inspector General, Department of Defense, Third Party Collections Program, Report number 94-017, December 6, 1993.

[22] General Accounting Office report GAO-04-322R MTF Third Party Collections. The amount collected by the 35 MTFs was not in the report.

The report cited weaknesses throughout the TPC program including the billing and collections process and follow-up on accounts receivables; all problems mentioned in prior IG audits. The report states that the single biggest obstacle to increasing collections in the TPC program is identifying patients with OHI.[23]

The GAO report identifies five critical areas key to the execution of a TPC programs' ability to bill and collect from third-party insurers properly and maximize collections. The five critical areas are Patient Intake, Medical Documentation, Coding, Billing and Accounts Receivable. Figure 2 below indicates the areas and their breakdowns by effect on amount collected.[24]

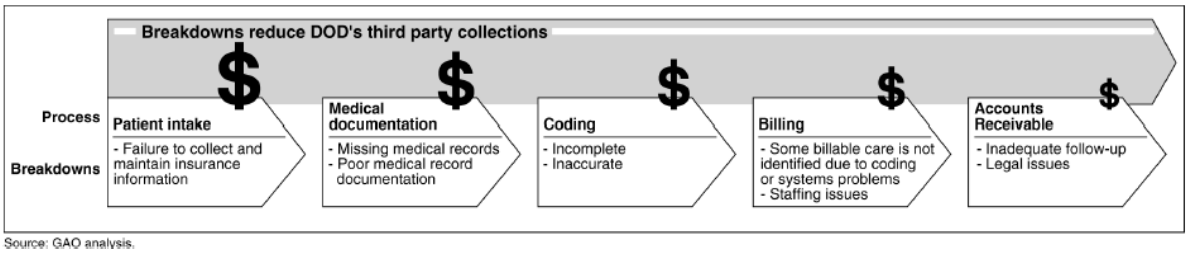

Figure 2. TPC Program Critical Areas Identified by GAO

The most recent audit of the TPC program was published on July 18, 2007 by the IG DoD and U.S. Army Audit Agency. This audit was conducted at 40 MTFs in six geographical areas from August 30, 2005 to April 2007 at the request of ASD (HA). Once again, the same findings were made by the audit team. The executive summary states "we identified a

[23] General Accounting Office report GAO-04-322R MTF Third Party Collections, 3.

[24] General Accounting Office report GAO-04-322R MTF Third Party Collections, 6.

material management control weakness in the Third Party Collection Program in that controls were not adequate for the military treatment facilities to identify patients with OHI and bill and follow up on potential insurance claims."[25]

C. INTERNAL AND EXTERNAL CONTROLS

According to the GAO, the DoD has the opportunity to defray the rising cost of providing health care to an increasing number of eligible beneficiaries by collecting reimbursements from private insurance companies who provide coverage to beneficiaries as part of the Third Party Collections Program.

This section looks at some of the internal controls that have been implemented to strengthen the TPC program and hold MTF commanders accountable for maximum collections. This section also looks at the external factors affecting the success of the TCP program and how much is available for collection. Lastly, this section looks at the potential for the TPC program as a tool to supplement the increasing cost of health care.

An organization must be able to have tangible, real-time data to measure itself on its performance both for internal management purposes and for external measurement in relation to its peers, competitors and the community.[26]

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[25] Inspector General, Department of Defense, U.S. Army Audit Agency, Outpatient Third Party Collections Program, Report number D-2007-108, July 18, 2007.

[26] The Management Control and Financial Studies Division web site, http://www.tricare.mil/ocfo/mcfs/ubo/about.cfm (last accessed May 2008). Controls should include billed to collections ratios and year to year collections.

1. Internal Controls

A minimal set of internal controls must be in place to ensure integrity of the third-party collections process. The MTF Commanding Officer is responsible for ensuring appropriate procedures are employed to minimize the risk of theft, misuse, and misappropriation of funds.

According to the Inspector General, Department of Defense, U.S. Army Audit Agency the TPC Program's management controls were not adequate for MTFs to identify patients with Other Health Insurance (OHI), to submit claims for OHI already identified, and to follow up on whether collections were appropriate.[27]

The audit by the IG DoD and U.S. Army Audit Agency estimated MTFs in the six geographic regions included in their sample did not properly identify patients with OHI for 191,410 encounters per year. In addition, it estimated that the MTFs did not submit or follow-up on claims for 350,960 encounters per year. (The total encounters for this audit was 7,602,421.)

The audit estimated that there is a potential monetary increase for the DoD of $9.4 million per year and $56.5 million during the execution of Fiscal Years 2008 through 2013 Future Years Defense Program if the TPC Program were executed fully. Of the $9.4 million, they estimated that a $3.5 million per year increase in collections could be realized if MTFs increased their efforts to identify all

[27] Inspector General, Department of Defense, U.S. Army Audit Agency, Outpatient Third Party Collections Program, Report number D-2007-108, July 18, 2007. These internal controls were reported as weak in prior GAO and IG reports.

patients with Other Health Insurance (OHI).[28] As mentioned earlier, any funds collected as part of the TPC Program are credited to the MTF providing the treatment so there should be ample incentive for MTF commanders to focus increasing amounts of attention on this program as budgets become constrained.

The primary tool in place to help MTFs with identifying patients with OHI is DD Form 2569 "Other Health Insurance."[29] The form information is updated at least once a year and stored in the medical record. The information from the OHI form is entered into the Composite Health Care System (CHCS). The patient is required, by law, to disclose if he or she has OHI and sign DD Form 2569. The 2007 Inspector General Audit report found that 50 percent of their sample of 868 records had missing, incomplete, unsigned, or blank forms.[30] The audit also found that OHI information was not consistently entered into CHCS.

2. External Controls

Top level oversight of the TPC Program is aided by the Uniform Business Office's (UBO) automated, web-based, data collection tool known as the UBO Metrics Reporting System. This system facilitates capturing, consolidating, validating, and reporting Third Party Collections Program

[28] Inspector General, Department of Defense, U.S. Army Audit Agency, Outpatient Third Party Collections Program, Report number D-2007-108, July 18, 2007.

[29] Form 2569 is filled out and collected at reception desks. The pharmacy also attempts to identify patients with OHI that only use the MTF pharmacy to fill prescriptions.

[30] Reasons for failing to obtain forms from patients include patient dissatisfaction with the request, length of time to fill out form, and increased wait times due to OHI information requests.

(TPC) results for the Tri-Service Uniform Business Office. The Web-Based Metrics Reporting Tool is the data entry tool that lets MTFs post their DD Form 2570 reports directly to the Web.[31] Upon submission, data is validated and all reports are provided to Service and Region Managers online, so they may perform a final review of the report and electronically validate it.[32] This program allows top level decision makers oversight of third-party collections. As mentioned earlier, some MTF Commanding Officers have complained their budgets have been cut due to their robust third-party collections. This is a disincentive for MTFs and is against Department of Defense policy. According to the 2007 Department of Defense Inspector General audit report, there was no supporting evidence budgets were cut because of a MTFs TPC Program.

GAO Report Number GAO-04-322R recommended that the Assistant Secretary of Defense for Health Affairs establish realistic collection goals for the TPC Programs. In a memorandum to the Assistant Secretaries of each service signed January 18, 2007, the Assistant Secretary of Defense for Health Affairs issued Service TPC Program collection goals for FY 2007. There are separate goals for outpatient and inpatient collections. Total Navy TPC collection Goals for 2007 were 29 million.

[31] The DD Form 2570 report is used to report program results to higher authority.

[32] The Management Control and Financial Studies Division website," http://www.tricare.mil/ocfo/mcfs/ubo/about.cfm (last accessed May 2008).

	FY 2007 Goal	Outpatient Goal	Inpatient Goal
Army	$50.2	$27.5	$22.7
Navy	$29.0	$19.4	$ 9.6
Air Force	$40.9	$29.2	$11.7
Total	$120.1	$76.1	$44.0

(Millions of Dollars)

Figure 3. Assistant Secretary of Defense Collection Goals

D. THIRD PARTY COLLECTIONS BUDGET INFLUENCE

Third Party Collections has been looked at by GAO as a possible and partial solution to defray the increase health care costs faced by the Department of Defense. With a health care budget of over $20 billion and projected TPC of only $120.1 million this seems unlikely. The TPC Program will amount to about .58 percent of the total Department of Defense health care budget. Although this is a very small part of the budget, it does affect individual MTFs and enhance their capabilities to meet their mission since they can keep any TPC money collected.[33]

[33] The TPC Program is one of the only ways an MTF can control increases to their budget. All funds collected go back to the MTF for improvements. Many MTFs offer incentives to their departments in the form of OPTAR (department budget) increases for departments that excel at collections.

Figure 4 below shows the total Navy Third Party Collections from FY2002 to Third Quarter FY2007.[34] This graph shows the struggles the Navy has had in implementing an aggressive TPC Program.

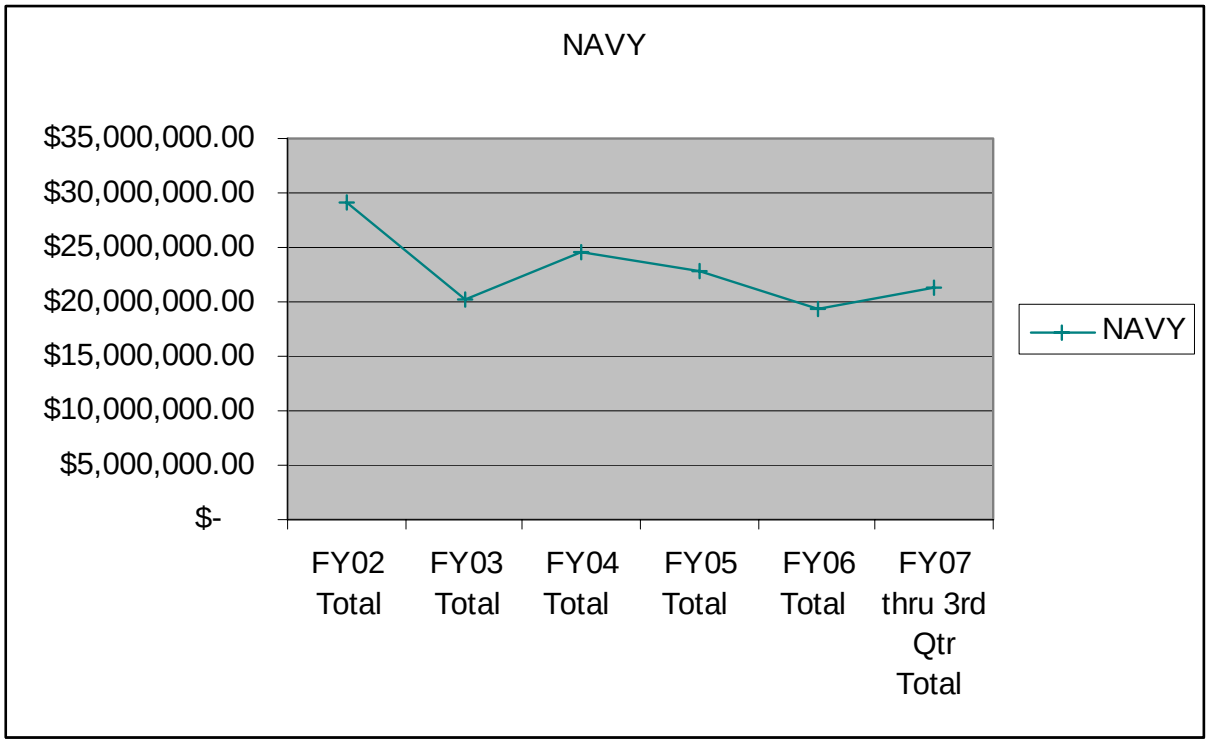

Figure 4. Total Navy Third Party Collections from FY2002 to 3rd Quarter FY2007

[34] Navy collections are the smallest of the three services because they only have 27 MTFs.

Third party collection goals set by the Assistant Secretary of Defense for Health Affairs place expectations on the different services to work to achieve the goals.[35] Each MTF is required to meet their goal or face possible scrutiny of their TPC Program.[36]

Another external factor putting pressure on the TPC Program over recent years is the trend for DoD beneficiaries to forgo insurance coverage from employers and just use TRICARE. Many beneficiaries view TRICARE as a cost effective program with lower premiums and deductibles, if any. TRICARE is the health care program serving active duty service members, National Guard and Reserve members, retirees, their families, survivors and certain former spouses worldwide. As a major component of the Military Health System, TRICARE brings together the health care resources of the uniformed services and supplements them with networks of civilian health care professionals, institutions, pharmacies and suppliers to provide access to high-quality health care services while maintaining the capability to support military operations.[37] Several private businesses and state governments started offering incentives to beneficiaries to entice them to use TRICARE instead of company or government provided insurance. The incentives range from paying

[35] Outpatient collection goals are based on FY2006 outpatient collections and the reported percentage of individuals queried regarding OHI. Impatient collection goals are based on FY2006 impatient collections and the percentage of non-activity dispositions billed.

[36] Failure to meet set TPC Program goals will likely result in top down review of the MTF's Program. Although some factors contributing to the collections goal are external to the MTF, most problems are attributed to the collection of OHI information and follow-up after the bill is sent to the insurance company for collection.

[37] http://www.tricare.mil is the official Web site of the TRICARE Management Activity (last accessed May 2008).

patients' co-payments and deductibles to cash payouts. A recently enacted law, the John Warner National Defense Researcherization Act of FY2007, makes it more difficult for companies to influence employees to choose TRICARE. The law made it unlawful for an employer or any other entity to offer any financial or other monetary incentive for employees eligible for TRICARE not to enroll in a TPC Program eligible health plan.

E. AUDIT EFFECTS

Through audits, the DoD has identified weaknesses in the TPC program but the DoD still fails to have effective systems or processes for obtaining and updating insurance information for patients possessing other health insurance coverage. These weaknesses apparently reduce the possibility of collecting from third-party insurers and recouping the cost of providing reimbursable care. When the information is captured correctly on DD form 2569 but is not entered into CHCS, the Billing Office must follow-up to correct the system. MTFs are conducting Management Control Procedures (internal audits) to identify weaknesses in their TPC Program but errors identified during audits were not followed-up on and corrected.[38] Although problems have been identified and procedures implemented, the TPC program still struggles to capture all potential collections. The TPC Program success depends on the ability of the individual

[38] Inspector General, Department of Defense, U.S. Army Audit Agency, Outpatient Third Party Collections Program, Report number D-2007-108, July 18, 2007. Some MTFs were performing good audit boards to test their TPC Program processes. The audit board results would be briefed to TPC program managers who would establish new policies to correct deficiencies identified but would fail to go back and correct the problem bills identified during the audit.

MTFs to first and foremost identify patients with other health insurance and to then process claims to their insurance companies. There have been ample audits identifying the reasons why MTFs fail to identify 100 percent of patients with Other Health Insurance Information yet the program continues to struggle.

Since the collection of OHI information involves both the MTF and its processes and patients, the researcher wanted to look at the collection of OHI information from the patient's point of view. The researcher remembers that as a young active duty member, the first time he attended a medical appointment with his wife where she was asked about OHI; the researcher was taken aback by the question, as in his mind, health care was part of his benefit. The researcher did not think it was OK for the MTF to request OHI at the time and was ignorant of the TPC Program. After talking to several fellow officers about the TPC program, the researcher got a sense that maybe this attitude of "MTFs shouldn't be billing OHI" was contributing to the problem of collecting OHI information.

The rest of this study looks into the behaviors and attitudes of the parties involved in the process contributing to the problem.

F. RESEARCH QUESTION

In the development of this project, the researcher wanted to look at the collection of OHI information from not only the hospital and process point of view but also from the patient's point of view.

The interview questions asked in this study were developed to test the hypothesis that beneficiaries seeking care in MTFs are reluctant to provide OHI information for whatever reason. Forty-seven interviews were conducted. The results are an indication of the attitude of beneficiaries at the Naval Hospital Lemoore.

The first groups discussed are active duty non-medical personnel. The researchers working hypothesis was that this population was going to be against the collection of OHI information because they viewed their medical benefit as earned and the DoD should not be billing their private insurance.

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III. METHODOLOGY OF RESEARCH

Two research methodologies were used in this research: observations, and interviews. Prior to the research, a thorough literature review was conducted by first examining the laws that govern the TPC Program and the timeline in which they were enacted. Next, a review of current instructions that outline responsible parties was completed. Third, a review of past audits of the TCP was completed to analyze repeat problems and trends. Finally, a review of other research on the TPC Program was completed.

A. OBSERVATIONS

Observations were accomplished by walking through the various departments at Naval Hospital Lemoore on two separate visits, 17 - 18 January and 14 - 15 February 2008, reviewing key steps in the process with various process owners in the Uniform Business office at the hospital. The researcher observed both staff members and patients. He spent about 15 hours observing and talking to staff and patients during his two visits. The hospital outpatient departments are all located on the 1st floor and were easy to observe. Results varied from department to department with some collecting OHI information from every patient and several others not collecting the information from most patients seen during my observations. Patients were very pleased with the hospital and many commented they would not want to get care anywhere else. Limited information was available about the TPC program and no information board

highlighted the program. This surprised the researcher because information displayed correctly could serve as an incentive for patients and staff to support the program.

B. INTERVIEWS

Interviews with active duty, active duty dependants, retirees, retiree dependants, and front desk staff were conducted on 14 and 15 February 2008 to assess their attitude and perceptions toward the program. Interviews were conducted both in person and by phone. Phone interviews were conducted from a list of patients with other health insurance. These patients were called at home. Interviews with active duty non-medical personnel assessed their attitudes about the program and how they influence their family members. Both phone and face-to-face interviews each lasted about 10 minutes. Face-to-face interviews were conducted as patients waited for their appointments. Staff interviews lasted about 15 minutes and were conducted in their work areas.

Each person questioned was briefed on the study and was required to sign a release form. Each question asked was a starting point and further questions were asked if needed to provide a deeper assessment.

C. SAMPLE AND SAMPLE SELECTIONS

The selection of patients to be interviewed were randomly chosen and limited to those patients that had appointments on 14 and 15 February. The phone interviews were randomly chosen from an active list of patients that were known to have OHI. Due to the limited time of this

study and the personal nature of the questions asked, a small sample of the patients seen on 14 and 15 February was taken. Although the sample was small, it does provide some insight into the issues relating to this study.

The following is a breakdown by different categories of those interviewed. A total of 47 interviews were conducted. Twelve interviews were conducted by phone. Phone interviewees were selected from a list of patients that had OHI. This was done to insure a portion of people interviewed had OHI. Nine interviews were conducted with non-medical activity duty. Twelve interviews were conducted with active duty beneficiaries. Seven interviews were conducted with retirees. Eight interviews were conducted with retiree spouses. Eleven interviews were conducted with hospital front desk staff personnel. Of the 36 non-hospital staff interviews, 15 of the interviewees were covered by OHI. Three active duty members interviewed had spouses that had OHI. Two active duty spouses with OHI were interviewed. Four retirees and six retiree spouses were interviewed who had OHI.

The list of questions asked follows.

1. Active Duty Non-Medical Included

- How do you feel about the military's Third Party Collections Program? This question will require a basic explanation of the TPC program if the interviewee is not familiar with it.
- How would it make you feel to attend a medical appointment at a military treatment facility with your immediate family member (spouse or child) where, you or your spouse, were asked to sign a form declaring whether or not your family was covered by a private insurance company? This

question assesses the attitude that “health care is an earned benefit” and why the military should be requesting OHI information and collecting from their private insurance company.

- Do you feel it is right for the military to collect from private insurance companies that cover activity military duty for services rendered in a military treatment facility to their non-active duty beneficiaries?
- Do you think the money collected from the military’s Third Party Collections Program is directly used to improve your health care? This question is asked to assess potential incentive for the active duty member non-medical to want to provide OHI information.

2. Active Duty Beneficiaries (Family Members)

These questions were asked to assess their attitudes about the TPC program and if they were influenced by active duty members. These questions included:

- Do you have private (other than military) health insurance?
- Are you asked about your insurance status at every appointment when you go to a military treatment facility?
- How do you feel about the military’s Third Party Collections Program that allows the Military to require beneficiaries (family members) to disclose if they have private health insurance (other than military benefit) and then bills that insurance company for services rendered at a military treatment facilities?
- How do you think the military’s Third Party Collections Program would affect your private health insurance? This question is asked to assess the potential non-disclosure of OHI information by the member because they think their insurance premiums will increase as a result of claims submitted by the MTF.

- How does your spouse (active duty member) feel about the military billing your private insurance company when your go to a military treatment facility for care? This question is asked to see if the active duty member has influenced them.
- Did you know that by billing your insurance company the military can help you meet any deductibles your insurance may have?
- What do you think happens to the money collected from the military's Third Party Collections Program?

Questions 6 and 7 are asked to assess the potential incentive or disincentives for the patient to want to provide OHI.

3. Military Retirees and their Families

These questions were asked to assess post retirement issues relating to the TPC program. These questions included:

- Do you have private (other than military) health insurance? If no, since retirement, have you ever had private insurance? If yes, why did you cancel it? This question was asked to see if there were retirees that canceled their insurance due to incentives from an employer.
- Do you feel you were promised health care coverage by the military for life as part of your retirement benefit? This question assesses the attitude of the retiree about the health care benefit.
- Does it bother you when you are required to disclose whether you have private health care coverage when seeking care or pharmacy services at a medical treatment facility? Again, this question assesses their attitude and perceptions of the TPC program.
- Do you think the money collected from the military's Third Party Collections Program is

directly used to improve your health care? This question assesses the potential incentive for the retiree to want to give OHI information.

4. Front Desk Staff

These questions were asked to provide an assessment of attitudes at the first contact level and their knowledge on the TPC Program. Their questions included:

- As a front desk staff member, what do you think are some of the reasons that other health insurance (OHI) information is not requested from all applicable patients? This question was asked to identify reasons why OHI was not collected from the first contact (front desk staff) point of view.
- When you request OHI information from patients do they ever complain? This question was asked to assess if and why patients are reluctant to provide OHI information.
- Do you feel that the collection of the OHI information (form DD2569) from ALL appropriate patients is a vital part of the patient check-in process? This question is asked to assess the front desk staff member's attitude about collecting OHI information. Is collection part of their process or just another requirement passed down that can be followed as time permits?
- Do you have any recommendations to make the process of collecting the OHI information (form DD2569) from patients more efficient?
- What happens to the money collected from the hospital's Third Party Collections Program? This question checked the knowledge level of the first contact staff member and assesses the potential incentive for them to want to collect OHI information to help their MTF.

IV. ANALYSIS OF FINDINGS

In this section, the researcher breaks down the findings for each population surveyed.

A. ACTIVE DUTY NON-MEDICAL PERSONNEL, NINE INTERVIEWED

The first question the researcher asked was how they feel about the military's Third Party Collections Program? In some cases, this question required a basic explanation of the TPC program for those people unfamiliar with it.

- None of the nine activity duty personnel interviewed had reservations about the TPC program. Several even commented they thought it was a good thing for the DoD to be doing.
- Three commented that they were concerned that the MTF would bill them in the event the MTF could not collect from the insurance company.

The second question asked to this population was how they would have felt to attend a medical appointment at a military treatment facility with their immediate family member (spouse or child) where they were asked to sign a form declaring whether or not your family was covered by private insurance.

- The answers were very consistent and none of the people interviewed took issue with signing the disclosure form.
- In every instance and with every question asked to active duty non-medical personnel, the answers were the same and given without hesitation. They had no problem with the MTF requesting OHI information.

The last question asked to the active duty population was if they thought the money collected from the military's Third Party Collections Program was directly used to improve their health care?

- All interviewees answered in the same way stating they had no idea what happened to the money collected. This is an important fact, because if patients knew that the money collected was contributing to their care, they would be more inclined to provide OHI information.

B. ACTIVE DUTY NON-MEDICAL BENEFICIARY (FAMILY MEMBERS) – 12 INTERVIEWED

The second population discussed is active duty non-military beneficiaries (family members). Again, questions were developed to see if their attitudes were influenced by their active duty spouses and to check their knowledge of the TPC program.

The first question asked to the 12 active duty family members was were they asked about their insurance status at every appointment when they went to a military treatment facility?

- Eight of the 12 family members interviewed stated they were asked about their OHI status at every appointment. Naval Hospital Lemoore's aggressive policy of "ask every patient (non-active duty) every time" is limited to front desk staff compliance.
- The four that said they were not asked at every appointment did say they had been asked in the past.

The second question asked was how they felt about the military's Third Party Collections Program that allows the military to require them (beneficiaries) to disclose if they

have private health insurance (other than military benefit) and then bills that insurance company for services rendered at a military treatment facilities.

- None of the 12 people opposed the TPC program.
- Several did comment that they were glad that the DoD was collecting from private insurance companies.[39]
- When questioned how their active duty spouses felt about the TPC program they all indicated that their spouses had no problems with the program.

To see if there was a perception that if billed, a beneficiary's private insurance premium would increase, the question was asked, "How do you think the military's Third Party Collections Program would affect your private health insurance?"

- Only two of the 12 people had concerns that their insurance premiums would increase as a result of claims filed against it.

As an incentive to patients with OHI coverage to want to provide their OHI information at every visit to an MTF, claims filed against their private insurance in which the deductible have not been met for the year count towards that deductible. The MTF only collect once the member's deductible has been met. To find out if this fact is known, the researcher asked the following question: "Did you know that by billing your insurance company the military can help you meet any deductibles your insurance may have?"

[39] One interviewee said their spouse did not have a problem with the TPC program but that their spouse did think the DoD should be the primary coverage and private insurance the secondary.

- Only one of the 12 people interviewed in this population knew this fact. Having the Navy meet the patients insurance deductible is a big potential incentive that could increase collections if advertised.

The question was asked if they knew what happens to the money collected from the military's Third Party Collections Program."

- Eight of the 12 interviewees answered they had no idea what happened to the money.
- Only four people assumed the MTF received the money.

This is another instance where providing information to the beneficiary could be an incentive to the patient to want to provide OHI information and could help the hospital increase collections.

C. MILITARY RETIREES AND THEIR FAMILY MEMBERS – 15 INTERVIEWED

The researcher will discuss both the military retiree and their family members as one group as the questions were the same. When talking to retirees and their families, the goal was to explore the possibility that retirees viewed their medical benefit as an earned benefit, and therefore, resented having to disclose their OHI status. A total of 15 retiree and family members were interviewed. Ten of the 15 had other health insurance. Eight of the subjects with OHI were selected from a list of patients with OHI. This was done to ensure that patients with OHI were interviewed as they are the main focus of this study.

The first question asked was if the patient had private (other than military) health insurance and if not, since retirement, did they ever have private insurance. This question was asked to see if there were retirees that canceled their insurance due to incentives from an employer.

- None of the retirees or their family members had canceled their insurance.
- The five with no insurance had never had OHI in the past.

The second question asked was if they felt that they were promised health care coverage by the military for life as part of their retirement benefit? This question assesses the attitude of the retiree about the health care benefit and their willingness to provide OHI information.

- Seven of the 15 retirees and/or their family members had very strong feeling about serving their country and strongly indicated that yes, they were promised health care for life.
- Four said they were happy with their benefits and were not worried about it.
- The remaining four people interviewed were spouses of retirees that could not answer the question.

The next question was asked to measure how retirees felt about being asked their OHI status and having to sign the DD Form 2569 certifying their status. The question asked was: Does it bother you when you are required to disclose whether you have private health care coverage when seeking care or pharmacy services at a medical treatment facility?

- Fourteen of the 15 retirees and/or family members had no problem with being asked about their insurance status.

The last question asked to this population was if they thought that the money collected from the military's Third Party Collections Program was directly used to improve their health care? This question assesses the potential incentive for the retiree to want to provide OHI information.

- All 15 retiree and/or family members had no idea what happened to the money collected as part of the TPC program. This is yet another missed opportunity to educate the population and provide an incentive for support.

D. PATIENT POPULATION SUMMARY

From the limited interviews completed to the different patient population that could have OHI or family members with OHI, the researcher was able to conclude with some confidence that patients with health insurance do not mind providing the information to the MTF. For the most part, the subjects were not worried about issues surrounding the billing of their insurance. Thus, why does the collection of OHI information seem to be such an overwhelming task? To help shed light on the process of collecting OHI, 11 Naval Hospital Lemoore MTF front desk staff personnel were interviewed. The questions asked to them provided an assessment of attitudes at the first contact level and their knowledge on the TPC Program.

E. NH LEMOORE FRONT DECK STAFF – 11 INTERVIEWED

The first question asked was: "As a front desk staff member, what do you think are some of the reasons that other health insurance (OHI) information is not requested from all

applicable patients? This question was asked to identify reasons why OHI was not collected from the first contact (front desk staff) point of view.

The following is a list of possible reasons why the front desk staff fails to collect OHI information:

- Front desks are short staffed and do not have time to complete all the required paperwork.
- The process is repetitive so there is no need to ask for OHI every time.
- The DD Form 2569 if not readily available.
- New front desk staff are not trained prior to starting work.
- When the active duty members are checking-in with the medical records for their families, they cannot sign the DD Form 2569 for them.
- There is lack of attention to detail by some front desk staff.
- The front desk staff receives pressure from the providers to get the patients checked-in and back to their appointments.
- If a check-in line forms, the collection of OHI information is skipped.

Each of these reasons was provided anonymously and openly from six departments that interact with non-active duty patients. Every reason listed indicates a problem with the perception of importance of the Third Party Collections Program. Although these reasons were mentioned in some cases by several staff members, it would be wrong to assume that these problems existed at all MTFs without further research.

The next question asked was: “When you request OHI information from patients do they ever complain?” This question was asked to assess if and why patients are reluctant to provide OHI information.

- As indicated by questions asked to patients, they, for the most part, are not reluctant to provide OHI information.
- What was indicated by this question asked to front desk personnel was that patients complain about signing the same form at every appointment and some times more than one time per visit if they are seen in more than one department.
- Front desk staffs indicate that patients complain about the fact that they had signed forms in the past and they never make it to their medical record.

The third question asked to front desk staff was “Do you feel that the collection of the OHI information (form DD2569) from ALL appropriate patients is a vital part of the patient check-in process?” This question is asked to further assess the front desk staff member’s attitude about collecting OHI information.

- Six of the front desk staff indicated that they felt the collection of OHI was a vital part of their check-in process yet three admit to not always having time to collect OHI.
- Five front desk staff partially agreed with the importance of collecting OHI but gave reasons why they did not collect OHI information and one said it should be collected in a different department. One person also indicated that the process was so repetitive that, in most cases, the information was often current and not needing updating.
- One person said that collecting OHI was a goal vice a rule and they tried to collect just one signed DD Form 2569 per day.
- Some of the reasons for not collecting OHI were, “I can’t collect the information when the copier is down,” “It is extra work,” every patient every time is too much,” and “I forget because there is so much to do at check-in.”

The next question asked to the front desk staff was “Do you have any recommendations to make the process of collecting the OHI information (form DD2569) from patients more efficient?” Six staff members had recommendations for improving the process. They were:

- Advertise the TPC program more so patients are aware of why they are being asked for their OHI information.
- Put the hospital mailing address on the form so when the form is given out as part of medical record check-in the patient can mail the from back to the hospital.
- Conduct an annual record renewal process for all patients updating demographic information to include OHI information.
- At the pharmacy, place the forms at the ticket dispenser so patients can fill out the forms prior to approaching the window.
- Develop incentive programs for departments to get increased OPTAR for meeting certain goals.
- Do not use email as a way to remind front desk staff to collect OHI as they may delete it prior to reading.

The last question asked to front desk staff was “What happens to the money collected from the hospital’s Third Party Collections Program?” This question was asked to check the knowledge level of the first contact staff member and assess the potential incentive for them to want to collect OHI information to help their MTF.

- Only three of the 11 staff members did not know that the hospital receives the money.
- One person indicated they were told at Commanding Offers call that the money collected helped the hospital.

F. NH LEMOORE STAFF MEMBER CONCLUSIONS

Based on the interviews completed with 11 front desk staff members, the researcher was able to conclude with a high level of confidence that there is a communication problem at Naval Hospital Lemoore. The business office and senior leadership have very defined policies and procedures to follow during patient check-in with respect to the collection of OHI information but have been unable to communicate the vital importance of collecting OHI effectively to the front desk staff members. This is a real problem when the result causes lost revenues for the hospital.

V. CONCLUSION AND FURTHER ACTION/RESEARCH RECOMMENDATIONS

At the onset of this project, the hypothesis was that there might be some behaviors and attitudes on the part of patients that contribute to the problems surrounding the collection of OHI information. Although this study was conducted at one MTF and only 47 interviews were conducted representing a small portion of the population, the empirical data lead the researcher to believe that his hypothesis was incorrect and that the problems surrounding the collection of OHI information do not include, for the most part, negative patient attitudes about the program.

What was evident in this research was that the senior leadership of Naval Hospital Lemoore and some front desk staff have different priorities when it comes to the importance of collecting OHI information. This communication gap between senior leadership and front desk staff exists even though the business office stresses the importance of the TPC program at every available opportunity to include training. Top level leadership publicizes the program at meetings and at commanding officers call. Naval Hospital Lemoore’s policy of collecting information from every patient every time, including a copy of the insurance card, is highly repetitive for both the front desk staff and patients. This OHI Program repetitiveness results in the front desk staff having a false sense of security that OHI information is often current. Therefore, front desk staff said they assume verification of OHI at every visit to be a goal vice a rule. This causes a breakdown in the process and

results in a negative impact on the TPC program. One possible solution to the problem is to put the patient's insurance information into a database that could be viewed, verified and updated as needed thus eliminating the necessity of obtaining an OHI form signed by patients at every visit. Without an automated system that captures and validates OHI information, short-term solutions are likely to be implemented at each hospital that will have only limited impact on the OHI collection problems. Having Naval Hospital Lemoore spend their TPC program revenues to find an electronic solution to their OHI collection problems, when their TPC revenues represent less than two percent of the hospital's budget, limits their potential to solve their problems and maximize collections.

The auther would recommend that Navy Medicine look at possible electronic data solutions for all MTFs that would allow for the easy collection, storage and updating of OHI information. This system should also have the capability to interact with other electronic databases providing validation of OHI information.

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